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Security Council Committee established pursuant to resolution 1718 (2006)

Note verbale dated 27 July 2009 from the Permanent Mission of the Republic of Korea to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of the Republic of Korea to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006) and, with reference to the latter's note dated 29 June 2009, has the honour to transmit the report of the Republic of Korea on the steps it has taken with a view to implementing resolution 1874 (2009) (see annex).

Annex to the note verbale dated 27 July 2009 from the Permanent Mission of the Republic of Korea to the United Nations addressed to the Chairman of the Committee

Report of the Republic of Korea on the implementation of Security Council resolution 1874 (2009)

I. Introduction

The Government of the Republic of Korea is committed to faithfully implementing Security Council resolution 1874 (2009) and to rendering serious and full cooperation to the Security Council Committee established pursuant to Security Council resolution 1718 (2006).

The Government of the Republic of Korea has taken the requisite legislative and executive measures to ensure compliance with the requirements of resolution 1718 (2006) and, submitted a report on its implementation of the resolution on 13 November 2006 to the Chairman of the Security Council Committee established pursuant to resolution 1718 (2006). In accordance with the adoption of resolution 1874 (2009), the Government of the Republic of Korea scrutinized additional legislative and executive measures pursuant to resolution 1874 (2009), and has taken further steps in order to fully implement the relevant provisions of the resolution.

Through inter-ministerial consultation meetings, the Government of the Republic of Korea has reviewed various measures to be taken by the respective ministries and agencies to find more efficient and better ways to implement resolution 1874 (2009).

As a member of all international non-proliferation and export control regimes, including the Nuclear Suppliers Group, the Missile Technology Control Regime, the Australia Group, the Zangger Committee, and the Wassenaar Arrangement, the Republic of Korea has established a full range of strict export and import control systems over weapons of mass destruction, missiles, other weapons, as well as their related materials and technologies commensurate with international standards. The Government of the Republic of Korea will continue to contribute to the international efforts to strengthen non-proliferation regimes.

II. Implementation

1. Prevention on sales of arms and related materials (paras. 9 and 10)

A. The current law and regulation system of the Republic of Korea

Control on arms and related materials to be transferred to and from the Democratic People's Republic of Korea

Due to the unique nature of inter-Korean relations, the Republic of Korea is placing stricter control on the transfer of commodities to and from the Democratic People's Republic of Korea than on the general trade with other countries. Under the South-North Exchanges and Cooperation Act and its related decrees, any transfer of commodities to and from the Democratic People's Republic of Korea requires a

prior approval by the Government of the Republic of Korea (i.e., the Minister of Unification). In particular, any transfer of arms to and from the Democratic People's Republic of Korea is strictly prohibited.

In addition, the Republic of Korea is inspecting all goods transferred from the Democratic People's Republic of Korea. In cases where goods are transferred to the Democratic People's Republic of Korea, the customs office carries out additional inspections to verify that the transaction has been approved by the Government of the Republic of Korea. These steps demonstrate the determination of the Government of the Republic of Korea to enforce stricter customs clearance procedures on goods transferred to and from the Democratic People's Republic of Korea compared to on the goods imported from or exported to other countries.

Control on the transfer of strategic items to and from the Democratic People's Republic of Korea

With respect to strategic goods controlled pursuant to paragraph 8 (a) (i) and (ii) of Security Council resolution 1718 (2006), the Republic of Korea, a signatory to major international export-control regimes such as the Wassenaar Arrangement, has taken necessary measures by revising and updating domestic laws in compliance with the provisions under the regimes. For instance, in August 2007, the Republic of Korea enacted the Public Notice on the Procedures for Approval of the Transfers of Strategic Goods to the Democratic People's Republic of Korea, which subjects all goods transferred to and from the Democratic People's Republic of Korea to the strategic goods import-export control system.

According to the Public Notice, Korean nationals who wish to bring an item into the Democratic People's Republic of Korea are obliged to check whether the item has a strategic purpose. In this regard, to ensure the accuracy of the prior check, the Government of the Republic of Korea is offering relevant assistance, if necessary, via a designated Government-affiliated organization specialized in this field.

Thus far, there have been no cases in which a controlled item was approved to be taken into the Democratic People's Republic of Korea.

According to the relevant law, any person who obtains approval to transfer strategic goods into the Democratic People's Republic of Korea in a fraudulent or dishonest manner and/or transfer them into the Democratic People's Republic of Korea without approval is subject to a maximum of three years in prison or a fine of up to 10 million won.

Prevention of financial transactions, technical training, advice, services or assistance with respect to arms and related materials

The Republic of Korea has been controlling contacts and exchanges between residents of North and South Korea. Pursuant to the South-North Exchanges and Cooperation Act, South Koreans planning to visit North Korea or promoting a joint project with North Koreans are required to report such plans to the Government and should obtain Government approval prior to making contact with North Korean residents.

Through the implementation of such controls, the Republic of Korea has prevented financial transactions, technical training, advice, services or assistance

relating to goods described in the paragraph 8 (a) (i) and (ii) of resolution 1718 (2006), as well as the transfer of arms described in paragraphs 9 and 10 of resolution 1874 (2009) to and from the Democratic People's Republic of Korea.

B. Actions taken and plans for additional measures

After the adoption of resolution 1874 (2009), the Government of the Republic of Korea revised the Public Notice on the List of Goods for Approval and Approval Procedures for Taking Goods Into and From the Democratic People's Republic of Korea and the Public Notice on the List of Goods Banned for Visitors to and from the Democratic People's Republic of Korea and Disposal of Such Goods to incorporate the items prohibited by paragraph 8 (a) (i) and (ii) of resolution 1718 (2006) and has implemented strict control over transfers of prohibited items to and from the Democratic People's Republic of Korea. Those two public notices were published in the Government journal on 10 July 2009.

The Government of the Republic of Korea has applied strict criteria in approving strategic items used specially for military purposes, with a view to banning their transfer to the Democratic People's Republic of Korea via third countries. In particular, the Government of the Republic of Korea has strengthened its examination process, by requiring and identifying end-user certificates for export of strategic items to the countries that could attempt to transfer such items to the Democratic People's Republic of Korea.

The Government of the Republic of Korea plans to review its overall control systems and reinforce information sharing among relevant Government agencies in order to further improve transparency in controlling the transfer of goods to and from the Democratic People's Republic of Korea.

C. Designation of luxury goods

To effectively control the items specified in paragraph 8 (a) (iii) of resolution 1718 (2006), the Government of the Republic of Korea has designated a list of 13 luxury goods and officially set out the list in the Government journal on 10 July 2009. The transfer of the listed luxury goods is required to have advance Government approval and customs inspections.

<i>No.</i>	<i>Type</i>	<i>Contents in detail</i>
1	Alcoholic beverages	* Wines * Ethyl Alcohol, spirituous liquors, and other alcoholic beverages
2	Cosmetics	* Perfumes * Cosmetics, including foundations and manicure-related, and pedicure-related products
3	Leather goods	* Trunks, suitcases, cosmetic cases, executive cases, briefcases, satchels, and other similar bags * Handbags * Pockets or other products that may be carried in handbag * Clothing and accessories
4	Fur items	* Fur clothing, accessories, and other fur products
5	Carpeting goods	* Carpeting products and other textile carpets

<i>No</i>	<i>Type</i>	<i>Contents in detail</i>
6	Pearls and jewelry	* Natural or hatchery pearls * Diamonds * Jewelry * Silver * Gold * Gilded products * White gold, white gold-plated products * Ornaments and their accessories * Products that contain jewelry
7	Electronic goods	* Transmitter products for radio or televisions, television cameras, digital cameras, and videocassette recorders * Monitors, projectors, and related products excluding television transmitter products
8	Automobiles	* Passenger cars and other vehicles * Motorcycles and bicycles or sidecars with assistant motors
9	Vessels	* Yachts, other vessels for excursion or exercise, boats with paddles, and canoes
10	Optical instruments	* Cameras * Movie cameras and projectors for movies
11	Timepieces	* Wristwatches, pocket watches, and other wearable timepieces
12	Musical instruments	* Pianos, harpsichords, and other stringed keyboard instruments * String instruments * Wind instruments * Electronic musical instruments
13	Artwork and curios	* Collections and specimens * Curios

2. Vessel inspection (paras. 11-17)

A. The current law and regulation system of the Republic of Korea

Application of the South-North Agreement on Maritime Transportation and Inspection of North Korean Vessels

The Government of the Republic of Korea does not recognize the right of innocent passage in its territorial waters for Democratic People's Republic of Korea vessels, unlike for other foreign vessels. Democratic People's Republic of Korea vessels granted permission under the South-North Agreement on Maritime Transportation, which entered into force in August 2005 (hereinafter referred to as "the Agreement"), are allowed to navigate only within designated sea lanes of the territorial waters. The Agreement applies to Democratic People's Republic of Korea commercial vessels that travel between the Republic of Korea and the Democratic People's Republic of Korea, between the Republic of Korea and the Democratic People's Republic of Korea through a third country, and between Democratic People's Republic of Korea ports in the East and West coasts.

During navigation, 10 types of activities are prohibited, including shipping weapons or their parts. If suspected of conducting prohibited activities, the vessels may be stopped, boarded and inspected for violations. When a violation is confirmed, maritime authorities may demand that the vessel leave its sea jurisdiction.

In accordance with the Agreement, a vessel that arrives in a port of the other country shall be governed by the rules of the corresponding country. Accordingly, the Government of the Republic of Korea, in accordance with domestic laws, has applied strict monitoring of Democratic People's Republic of Korea vessels when they enter its ports.

Inspection of land and air cargo to and from the Democratic People's Republic of Korea

Under the South-North Exchanges and Cooperation Act and its relevant laws, when planes, trains, or cars enter or leave the Democratic People's Republic of Korea, the Republic of Korea inspects cargo in immigration offices (Kyungui Line, Donghae Line Transit Office, airports) according to customs procedures.

In particular, items from the Democratic People's Republic of Korea shall be fully inspected, and permission for items entering the Democratic People's Republic of Korea shall be reconfirmed by the Government of the Republic of Korea at customs.

B. Actions taken and plans for additional measures

In accordance with relevant Security Council resolutions, the Agreement, and domestic laws, the Government of the Republic of Korea will take necessary steps to stop, inspect, seize and dispose items, when there are "reasonable grounds" to believe that the items prohibited under the resolutions are being transferred.

In accordance with the Aviation Act and the Procedures for the Overflight Approval, an aircraft suspected of carrying the controlled items set out under resolutions 1718 (2006) and 1874 (2009) to and from the Democratic People's Republic of Korea will not be allowed to fly through the territorial airspace of the Republic of Korea. Additionally, ports in the Republic of Korea will enhance the inspections of vessels through the use of scientific equipment such as the Z Backscatter Van and the container inspection system.

3. Financial and economic sanctions (paras. 18-20)

A. The current law and regulation system of the Republic of Korea

Prohibition of financial transactions that may contribute to weapons of mass destruction-related or ballistic missile-related programmes or activities

Financial transactions of Republic of Korea companies and organizations with the Democratic People's Republic of Korea are subject to the South-North Exchanges and Cooperation Act and related regulations.

In this regard, the Government of the Republic of Korea provides administrative guidance to Republic of Korea companies in order to prevent them from doing business with banks and companies of the Democratic People's Republic of Korea linked to weapons of mass destruction proliferation. The Government of the Republic of Korea also carries out thorough inspections on the nature of the business and on the contents of the export items.

Thus far, no Republic of Korea company has conducted business transactions with Democratic People's Republic of Korea companies or organizations designated under resolutions 1718 (2006) and 1874 (2009). Furthermore, there are no

Democratic People's Republic of Korea-owned assets or accounts under the jurisdiction and territory of the Republic of Korea.

New regulation on provision of grants, financial assistance or concessional loans other than those for humanitarian, developmental and denuclearization purposes

The Government of the Republic of Korea has provided food loans and fertilizers to the Democratic People's Republic of Korea for humanitarian purposes. It also supported the construction of base facilities for establishment of the Gaeseong Industrial Complex via credit assistance and grants.

When providing humanitarian aid grants or loans for economic joint projects such as the Gaeseong Industrial Complex to the Democratic People's Republic of Korea, the Government of the Republic of Korea has carried out strict examination and managed the scale and the details of the financial resources through an inter-agency consultative body called the South-North Exchange and Cooperation Promotion Consultative Committee (with the Minister of Unification as Chairperson).

Prohibition against providing public financial support for commercial transactions with the Democratic People's Republic of Korea that may contribute to weapons of mass destruction-related or ballistic missile-related programmes or activities

Trade with the Democratic People's Republic of Korea by Republic of Korea companies is strictly commercial based and mostly involves transactions regarding agricultural and marine products and processing-on-commission. Those companies that wish to trade with the Democratic People's Republic of Korea must receive the Government's approval to transfer commodities to and from the Democratic People's Republic of Korea, in accordance with the South-North Exchange and Cooperation Act and its related regulations.

The Government of the Republic of Korea has installed insurance and loan systems that provide public funds (i.e., the South-North Cooperation Fund) to companies partaking in trade with the Democratic People's Republic of Korea, in accordance with the South-North Cooperation Fund Act and its related regulations.

When companies trading with the Democratic People's Republic of Korea apply for insurance or loans, the Government of the Republic of Korea will closely examine those applications in strict observance with the South-North Cooperation Fund Act and its related regulations for approval.

B. Actions taken and plans for additional measures

Prohibition against financial transactions that may contribute to weapons of mass destruction-related or ballistic missile-related programmes or activities

As a follow-up to the decision of the Security Council Committee to designate the three entities of the Democratic People's Republic of Korea as subject to assets freezes under resolution 1718 (2006), following the 12 April 2009 statement by the President of the Security Council (S/PRST/2009/7), the Government of the Republic of Korea included the entities in its sanction list and took the necessary measures in accordance with the Guideline on Payment and Receipt for Implementation of Duty to Keep International Peace and Safety pursuant to the Foreign Exchange Transaction Act on 1 June 2009.

With regard to the designation of additional entities, goods and individuals of the Democratic People's Republic of Korea by the Security Council Committee on 16 July 2009, the Government of the Republic of Korea will also take the prompt measures to implement the designations.

If the Security Council decides to impose sanctions on additional Democratic People's Republic of Korea companies or banks, the Government of the Republic of Korea will also prohibit companies under its jurisdiction from conducting transactions with the sanctioned companies and banks by amending its related regulations and providing guidance to the Republic of Korea companies.

New regulation on the provision of grants, financial assistance or concessional loans other than those for humanitarian, developmental and denuclearization purposes

Provision by the Government of the Republic of Korea of new loans for the Democratic People's Republic of Korea will be withheld until a resolution is reached on the nuclear weapons issue.

In addition, the Government of the Republic of Korea will examine the promotion of development cooperation, which directly affects the livelihoods of Democratic People's Republic of Korea nationals, while taking into account circumstances surrounding the Democratic People's Republic of Korea nuclear weapons issue.

Prohibition against providing public financial support for commercial transactions with the Democratic People's Republic of Korea that may contribute to weapons of mass destruction-related or ballistic missile-related programmes or activities

When Republic of Korea companies apply for insurance or loans to have trade with the Democratic People's Republic of Korea, the Government of the Republic of Korea will strengthen preliminary examinations on the content of the businesses and the trading partners. The Government of the Republic of Korea will also further reinforce a follow-up management system for existing loans and insurance.